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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of

Federal-State Joint Board
on Universal Service

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CC Docket No. 96-45

COMMENTS OF COMSAT CORPORATION

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COMMENTS OF COMSAT CORPORATION

COMSAT Corporation ("COMSAT"), by its attorneys, hereby comments on the Recommended Decision ("Recommended Decision") of the Federal-State Joint Board ("Joint Board") in the above-captioned proceeding.¹

I. INTRODUCTION

COMSAT strongly supports the general efforts of the Joint Board and the Commission to establish a comprehensive framework for national universal service. As Congress noted, the existing system of universal service support requires close examination and critical evaluation.² In reviewing the Joint Board's Recommended Decision, COMSAT urges the Commission to recognize that, at a time when carriers, including the Bell Operating Companies, GTE and all other incumbent local exchange companies, are beginning to experiment with new markets and new services, COMSAT is the only carrier that continues to be constrained geographically by Commission policy from freely expanding into the market for telecommunications services within the United States. In a real sense, as users of COMSAT's services can attest, COMSAT does not participate in the interstate telecommunications services market. Therefore, COMSAT respectfully

¹ *Federal-State Joint Board on Universal Service*, Recommended Decision, CC Docket No. 96-45, (released November 8, 1996).

² S. Rep. No. 104-230, at 130-31 (1996).

submits that the Joint Board's conclusion that COMSAT should contribute now to the universal service support mechanisms as an interstate telecommunications carrier is not factually based and COMSAT should not be subject to the requirements of new Section 254 of the Communications Act of 1934, as amended, established by Section 101(a) of the Telecommunications Act of 1996 (the "Act").³ However, COMSAT wishes to make absolutely clear that, once the Commission allows it to offer domestic services, it will have an interstate revenue base from which it will contribute to universal service support mechanisms.

II. COMSAT DOES NOT PARTICIPATE IN THE MARKET FOR INTERSTATE TELECOMMUNICATIONS SERVICES TO AN EXTENT SUFFICIENT TO BRING IT WITHIN THE PURVIEW OF SECTION 254

COMSAT, through its operating business units, is the U.S. Signatory to INTELSAT and Inmarsat, intergovernmental organizations created by treaty for the purpose of owning and operating global satellite systems. Neither INTELSAT nor Inmarsat facilities are normally used to provide domestic telecommunications services.

Commission policy historically has prevented COMSAT from offering telecommunications services in the United States using international satellite capacity except in rare circumstances.⁴

With respect to the exceptions, they are generally temporary and provide no constant interstate

³ See 47 U.S.C. § 254 (1996).

⁴ See, e.g., *Communications Satellite Corp.*, 6 FCC Rcd 2891 (1991); *AT&T*, 52 F.C.C.2d 142 (1975). The most recent Commission pronouncement limiting COMSAT's ability to provide interstate telecommunications services was earlier this year. In *Amendment to the Commission's Regulatory Policies Governing Domestic Fixed Satellites and Separate International Satellite Systems*, 11 FCC Rcd 2429 (1996) ("Disco I"), the Commission authorized U.S. domestic satellite operators as well as U.S. licensed international satellite systems to provide purely domestic interstate service. However, the Commission declined to authorize COMSAT to provide domestic interstate service, pending the outcome of the so-called "Disco II" proceeding. Moreover, in February 1996, the Commission declined to authorize COMSAT to provide domestic mobile interstate service at the same time the Commission authorized COMSAT to provide international mobile satellite services. The Commission stated that, prior to authorizing COMSAT to provide aeronautical and land mobile satellite services in the United States, several issues needed to be addressed in the Disco II proceeding, among others. *AMSC Subsidiary Corp.*, 11 FCC Rcd 6830 (1996). COMSAT believes that providers authorized by DISCO I to offer domestic satellite services should be required to support universal service. COMSAT is ready and willing to join this group as soon as its DISCO I Petition for Reconsideration is granted.

revenue base. For instance, the Commission has authorized COMSAT to use international space segment capacity domestically "during the aftermath of natural or human disasters such as earthquakes, volcano eruptions and forest fires, and where these stations are the only adequate means of meeting urgent communications requirements."⁵ The Commission has made it clear, however, that once the permanent U.S. MSS system became operational, COMSAT had to transition its domestic land mobile and aeronautical traffic to the U.S. MSS system.⁶

COMSAT also has been authorized by the Commission to provide ancillary domestic traffic only on a case-by-case basis, generally when the domestic link is purely ancillary to the international use of COMSAT's system. For example, COMSAT has been authorized to provide a domestic link between Little Rock, Arkansas and Washington, D.C. for election night coverage required by the European Broadcasting Union, when domestic transmission paths were otherwise unavailable. Similarly, COMSAT has been authorized to provide service between certain non-contiguous U.S. points, such as Guam, American Samoa and the Northern Marianas Islands, which cannot be served effectively by domestic satellites.

⁵ *American Mobile Satellite Corp.*, 7 FCC Rcd 942, 944 (1992), *recon. granted in part*, 8 FCC Rcd 6310 (1993).

⁶ *American Mobile Satellite Corp.*, 7 FCC Rcd 942, 944 (1992), *recon. granted in part*, 8 FCC Rcd 6310 (1993); *Aeronautical Radio, Inc.*, 7 FCC Rcd 1006, 1008 (1992).

In its Recommended Decision, the Joint Board noted that because "Comsat provide[s] telecommunications services between the Northern Mariana Islands and any state, territory or possession, Comsat does provide interstate telecommunications services."⁷ While this statement is technically correct, COMSAT does not believe that such minimal involvement in the interstate market for telecommunications services is sufficient to bring it within the purview of Section 254 of the Act.

The Joint Board's proposal highlights the inconsistency of the Commission's treatment of COMSAT. COMSAT cannot provide interstate (*i.e.*, domestic) telecommunications services, except incidentally, yet COMSAT is subject to a greater degree of regulation and more burdensome limitations on its ability to serve certain markets than any other carrier. In principle, COMSAT is not opposed to contributing to universal service. However, before being required to do so, COMSAT should be permitted to provide a full spectrum of telecommunications services within the United States.

Finally, to the very limited extent that COMSAT is permitted to provide interstate telecommunications services, the Commission should find that COMSAT's contribution should be based solely on a percentage of COMSAT's gross revenues derived from such services. Such a finding would be consistent with Congress' mandate that all carriers contribute to the support of universal service on an equitable and nondiscriminatory basis.⁸

⁷ Recommended Decision at ¶ 785.

⁸ 47 U.S.C. § 254(d).

III. CONCLUSION

At this time, and for the foreseeable future, COMSAT is not allowed to provide telecommunications services on an interstate basis except in the rarest of circumstances. Given the above, COMSAT does not, as a practical matter, participate in the market for interstate telecommunications services. Accordingly, it should not be subject to the universal service requirements of Section 254 of the Act.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that on December 19, 1996, a true and correct copy of the foregoing *Comments of COMSAT Corporation* were served via first class mail to the persons on the attached service list.


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